



EOH

2015

**PROVISIONAL CONDENSED
CONSOLIDATED RESULTS**

FOR THE YEAR ENDED
31 JULY 2015

Revenue	▲ 35% to R9 734 million
PAT	▲ 41% to R692 million
EPS	▲ 26% to 561 cents
HEPS	▲ 29% to 575 cents
Cash	▲ 56% to R1 664 million
Dividends	▲ 25% to 150 cents



EOH's **PURPOSE**

To provide the technology, knowledge, skills and organisational ability critical to Africa's development and growth.

To be an ethical, relevant force for good and to play a positive role in our society, beyond normal business practice.



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 July 2015

	Reviewed 31 July 2015 R'000	% change	Audited 31 July 2014 R'000
Revenue	9 733 992	35	7 220 372
Cost of sales	(6 532 019)		(4 631 650)
Gross profit	3 201 973		2 588 722
Operating profit before interest and impairments*	1 046 605		719 514
Investment income	37 785		29 676
Finance costs	(118 799)		(80 434)
Share of profit from equity-accounted investments	10 736		337
Impairment of assets	(25 000)		-
Profit before taxation	951 327	42	669 093
Taxation	(259 533)		(176 930)
Profit for the year	691 794	41	492 163
Other comprehensive income:			
<i>Items that may be classified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	27 144		12 636
Total comprehensive income for the year	718 938	42	504 799
Profit attributable to:			
Owners of the parent	690 692		487 608
Non-controlling interest	1 102		4 555
Profit for the year	691 794		492 163
Total comprehensive income attributable to:			
Owners of the parent	717 342		500 244
Non-controlling interest	1 596		4 555
Total comprehensive income for the year	718 938		504 799
Earnings per share			
Earnings per share (cents)	561	26	447
Diluted earnings per share (cents)	534	28	418
* <i>Operating profit before interest and impairments includes:</i>			
- Depreciation	151 984		102 315
- Amortisation of intangibles	114 726		97 543
- Share-based payment	42 848		24 470
- Changes in fair value	13 669		21 390

HEADLINE EARNINGS PER SHARE

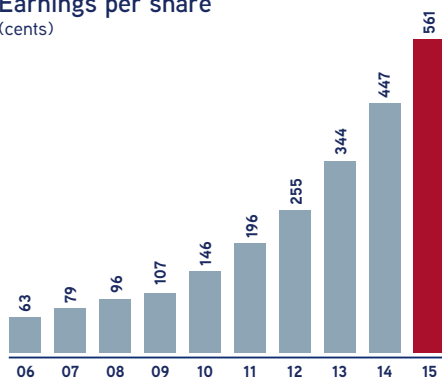
for the year ended 31 July 2015

	Reviewed 31 July 2015 R'000	% change	Audited 31 July 2014 R'000
Headline earnings per share			
Headline earnings per share (cents)	575	29	447
Diluted headline earnings per share (cents)	548	31	418
Headline earnings reconciliation			
Profit after taxation attributable to ordinary shareholders	690 692		487 608
<i>Adjusted for:</i>			
Profit/(loss) on disposal of assets	1 914		(532)
Gains on bargain purchases (no tax effect)*	(9 474)		-
Impairment of assets (no tax effect)**	25 000		-
Total tax effect of adjustments	(357)		149
	707 775		487 225
Number of ordinary shares			
Total number of shares in issue (000's)	132 039		118 653
Weighted average number of shares in issue (000's)	123 031		109 086
Weighted average diluted number of shares (000's)	129 271		116 587

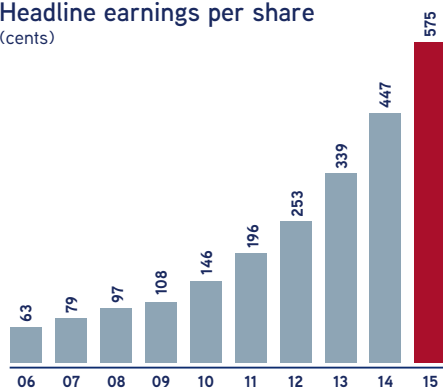
* The fair values determined for the net assets of certain acquirees exceeded the related consideration giving rise to gains on bargain purchases. These are included in operating profit in the statement of profit or loss and other comprehensive income.

** The carrying amount of certain cash-generating units was determined to be less than their recoverable amounts using value-in-use calculations. Impairment losses were recognised for these and allocated to goodwill.

Earnings per share (cents)



Headline earnings per share (cents)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 July 2015

	Reviewed 31 July 2015 R'000	Audited 31 July 2014 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	412 159	404 572
Goodwill and intangible assets	2 989 582	2 001 181
Equity-accounted investments	351 852	2 090
Finance lease receivables	130 459	114 462
Other financial assets	18 437	3 676
Deferred tax	107 337	212 021
Current assets		
Inventory	195 665	142 221
Finance lease receivables	86 955	66 136
Other financial assets	61 467	61 017
Current tax receivable	47 955	26 031
Trade and other receivables	2 307 021	1 588 132
Cash and cash equivalents	1 663 818	1 064 522
Total assets	8 372 707	5 686 061
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	4 499 952	2 618 163
Non-controlling interest	8 672	10 647
Non-current liabilities	4 508 624	2 628 810
Finance lease obligations	21 010	40 820
Other financial liabilities	1 068 477	730 007
Deferred tax	137 930	169 249
Current liabilities		
Trade and other liabilities	2 314 814	1 694 752
Deferred income	264 508	372 958
Current tax payable	57 344	49 465
Total equity and liabilities	8 372 707	5 686 061

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2015

	Stated capital	Shares to be issued to vendors	Reserves	Retained earnings	Total attributable to shareholders	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Audited balance at 1 August 2013	398 909	167 527	170 718	883 170	1 620 324	403	1 620 727
Total comprehensive income for the year	-	-	12 636	487 608	500 244	4 555	504 799
Dividends	-	-	-	(99 793)	(99 793)	-	(99 793)
Share-based payment	-	-	24 470	-	24 470	-	24 470
Non-controlling interest acquired	-	-	-	-	-	5 689	5 689
Shares to be issued	-	203 539	-	-	203 539	-	203 539
Issue of shares	237 414	-	-	-	237 414	-	237 414
Movement in treasury shares	(9 317)	-	141 282	-	131 965	-	131 965
Audited balance at 31 July 2014	627 006	371 066	349 106	1 270 985	2 618 163	10 647	2 628 810
Total comprehensive income for the year	-	-	26 650	690 692	717 342	1 596	718 938
Dividends	-	-	-	(140 970)	(140 970)	-	(140 970)
Share-based payment	-	-	42 848	-	42 848	-	42 848
Non-controlling interest acquired	-	-	-	(7 684)	(7 684)	(3 571)	(11 255)
Shares to be issued	-	292 395	-	-	292 395	-	292 395
Issue of shares	964 689	-	-	-	964 689	-	964 689
Movement in treasury shares	(58 532)	-	71 701	-	13 169	-	13 169
Reviewed balance at 31 July 2015	1 533 163	663 461	490 305	1 813 023	4 499 952	8 672	4 508 624

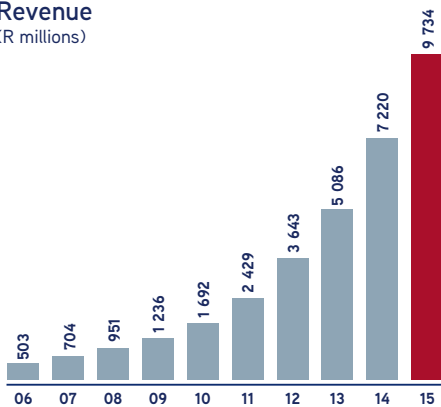
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2015

	Reviewed 31 July 2015 R'000	Audited 31 July 2014 R'000
Cash generated by operating activities	908 567	718 891
Investment income	37 571	29 676
Finance costs	(117 549)	(80 434)
Taxation paid	(301 143)	(260 695)
Net cash inflow from operating activities	527 446	407 438
Net cash outflow from investing activities	(326 865)	(343 322)
Net cash inflow from financing activities	398 093	347 301
Total cash inflow movement for the year	598 674	411 417
Cash and cash equivalents at the beginning of the year	1 064 522	653 007
Effect of exchange rate movement	622	98
Cash and cash equivalents at the end of the year	1 663 818	1 064 522

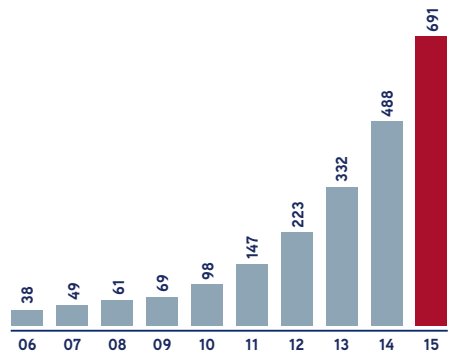
Revenue

(R millions)



Attributable income

(R millions)



ABOUT EOH



Nature of business

EOH is the largest technology services provider in South Africa. EOH has been listed on the Johannesburg Stock Exchange ('JSE') since 1998 and has consistently delivered strong financial results. EOH is committed to transformation, is a Level 2 contributor and has the highest BBBEE rating of its peers.

EOH is the largest implementer of enterprise applications and has a wide range of Outsourcing, Cloud, Managed Services, Industrial Technologies and Business Process Outsourcing ('BPO') solutions.

EOH's 10 000 staff members deliver these services to over 2 000 large enterprise customers across all major industries and has 134 points of presence in South Africa and activities in 32 other African countries.

EOH remains entrepreneurial despite its size. It has a strong brand and is expanding into new territories.

ABOUT EOH CONTINUED

EOH Philosophy

Best People

To attract, develop and retain the best people led by great leaders

Partner for Life

To nurture lifelong partnerships with our customers and business partners

Right 1st Time

To ensure professional planning and execution in all that we do

Sustainable Transformation

To transform and celebrate diversity

Lead and Grow

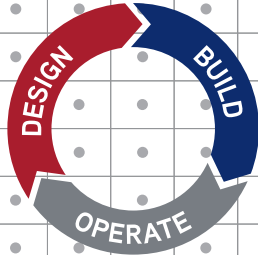
Strive to be #1 in every domain that we operate in whilst remaining entrepreneurial



Operating model

EOH's operating model is two dimensional, focused on key business areas and industry verticals. EOH offers solutions across the spectrum through a simple 'Design, Build and Operate' approach and is able to offer its customers tailored, flexible and robust solutions.

KEY BUSINESS AREAS	INDUSTRY VERTICALS										
	Financial Services	Telecommunications	Retail	Manufacturing	Transport and Logistics	Mining	Health	Energy	Water	Local Government	Central Government
Industry Consulting	•	•	•	•	•	•	•	•	•	•	•
IT Applications	•	•	•	•	•	•	•	•	•	•	•
IT Management	•	•	•	•	•	•	•	•	•	•	•
IT Outsourcing	•	•	•	•	•	•	•	•	•	•	•
Industrial Technologies	•	•	•	•	•	•	•	•	•	•	•
Business Process Outsourcing	•	•	•	•	•	•	•	•	•	•	•



Key business areas

Applications	IT Management	IT Outsourcing	Industrial Technologies	BPO
<ul style="list-style-type: none"> Enterprise applications Information management Information services Software development and integration Digital Own niche applications 	<ul style="list-style-type: none"> IT performance management and optimisation IT security and governance IT infrastructure Datacentre and virtualisation End-user computing and mobility Cloud services 	<ul style="list-style-type: none"> Applications Infrastructure Unified communications Network solutions 	<ul style="list-style-type: none"> Connectivity infrastructure Security and safety Automation and control Energy infrastructure and services Infrastructure engineering 	<ul style="list-style-type: none"> Human capital solutions Learning and development Workplace health Customer services outsourcing Legal services Health



COMMENTARY

Basis of preparation

The provisional condensed consolidated results for the year ended 31 July 2015 have been prepared by the Group Financial Director, John King, CA(SA), in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, the Companies Act, the JSE Listings Requirements and containing the information required by IAS 34 – Interim Financial Reporting.

Accounting policies

The accounting policies and methods of computation applied in the preparation of these results are based on reasonable judgements and estimates, are in accordance with IFRS and are consistent with those applied in the preparation of the Group's Annual Financial Statements for the year ended 31 July 2014.

New standards and interpretations, which became effective during the year under review, have been adopted. There is no material impact on the Group's financial results.

Review opinion

The provisional condensed consolidated results for the year ended 31 July 2015 have been reviewed by the Group auditors, Mazars (Gauteng) Inc., Registered Auditors and Chartered Accountants (SA), and their unmodified review report is available for inspection at the registered office of EOH.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders may obtain further information regarding the nature of the auditor's engagement by obtaining a copy of the auditor's report together with the accompanying financial information from EOH's registered office.

Business performance

During the year ended 31 July 2015, revenue increased by 35% to R9 734 million and profit after tax increased by 41% to R692 million, when compared with the previous year. The growth is attributable to a combination of strong organic growth and recent acquisitions. Organic growth accounted for 56% of revenue growth and contributed 51% of the growth in profit before tax. Earnings per share ('EPS') increased by 26% and headline earnings per share ('HEPS') increased by 29% with cash increasing to R1 664 million. EOH is in a strong financial position and has sufficient cash resources to ensure sustainable future growth.

Businesses joining EOH

During the year under review, EOH continued its strategy to consolidate and complement its existing services with strategic acquisitions.

EOH focused on growing its international IP software business and its service offerings in the financial services, telecommunications, energy and local government sectors. EOH also expanded its activities in Africa by acquiring a significant interest in the Twenty Third Century Systems Group ('TTCS'). During the year, EOH also acquired the businesses of Construction Computer Software Proprietary Limited ('CCS'), Managed Integrity Evaluation Proprietary Limited and Afiswitch Proprietary Limited ('MIE Group') and several smaller businesses. CCS develops and markets software products used by the construction industry and the MIE Group offers electronic verification services using its own proprietary software.

Accounting for business combinations

Where contingent consideration is applicable, the fair value of the contingent arrangement is initially estimated by applying the income approach assuming that the relevant profit warrant will be achieved.

The fair value of the contingent consideration is subsequently measured using the income approach to calculate the present value of the expected payments using the latest approved budgeted results and reasonable growth rates for the remainder of the relevant warranty periods. Upwardly revised performance expectations or growth rates would result in an increase in the related liability limited to the terms of the applicable warranty agreement. Contingent consideration classified as equity is not remeasured and settlement is accounted for in equity.

Other financial liabilities disclosed in the Statement of Financial Position include R771 million (R441 million as at 31 July 2014) in relation to contingent consideration. The movement relates to additions through new business combinations of R523 million, settlements of R218 million, changes in fair value of R14 million (mostly unrealised) and foreign exchange effects of R11 million. The fair value of these balances has been categorised as a level 3 fair value based on the valuation techniques used. There have been no transfers between levels. Changing the unobservable inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value.

EOH has an established control framework with respect to the measurement of fair values. This includes a valuation team that reports directly to the Group Financial Director who oversees all significant fair value measurements.

The goodwill associated with all acquisitions relates primarily to future profits and the anticipated synergies to be derived by these businesses as a result of joining EOH.

COMMENTARY CONTINUED

Business combinations

	CCS** R'000	MIE** R'000	Other R'000	2015 R'000
Fair value of assets and liabilities acquired				
Property, plant and equipment	3 258	5 893	28 845	37 996
Intangible assets	113 110	111 610	100 373	325 093
Inventory	–	1 854	18 971	20 825
Other financial assets	16	1 292	11 400	12 708
Trade and other receivables (fair value*)	34 828	20 133	151 348	206 309
Cash and cash equivalents	34 578	4 412	124 510	163 500
Non-controlling interest	–	–	3 572	3 572
Reserves	–	–	7 685	7 685
Trade and other payables	(36 169)	(16 002)	(97 068)	(149 239)
Other financial liabilities	–	–	(66 484)	(66 484)
Deferred income	(9 298)	(302)	(17 831)	(27 431)
Net deferred tax liabilities	(23 606)	(28 717)	(15 465)	(67 788)
Net current tax payable	(8 305)	(1 875)	(7 773)	(17 953)
Gain on bargain purchase	–	–	(9 474)	(9 474)
Goodwill	241 145	139 926	270 153	651 224
	349 557	238 224	502 762	1 090 543
Net cash inflow/(outflow) on acquisition				
Cash consideration paid	(27 535)	(60 000)	(149 047)	(236 582)
Cash acquired	34 578	4 412	124 510	163 500
	7 043	(55 588)	(24 537)	(73 082)
Consideration				
Cash paid	(27 535)	(60 000)	(149 047)	(236 582)
Shares issued	(123 696)	(23 082)	(62 783)	(209 561)
Cash to be paid	(171 535)	(56 634)	(175 754)	(403 923)
Shares to be issued	(26 791)	(98 508)	(115 178)	(240 477)
Total consideration	(349 557)	(238 224)	(502 762)	(1 090 543)
Contribution to trading results for the year				
Revenue	168 022	120 090	808 324	1 096 436
Profit before tax	43 273	14 550	80 787	138 610
<i>Adjusted as if acquired with effect from 1 August 2014</i>				
Revenue	194 692	147 095	1 071 972	1 413 759
Profit before tax	53 363	16 928	96 590	166 881
Acquisition related costs				19 600

* The gross contractual value of trade and other receivables of CCS and MIE approximated their fair value. For other acquisitions the gross contractual value was R159 million.

** CCS was acquired on 19 September 2014 and MIE on 1 November 2014. In both cases 100% of the share equity was acquired.

Segmental reporting

EOH's revenue is derived from Services, Software (software sales and maintenance revenue) and Infrastructure products (traditional IT hardware, network infrastructure, telecommunications infrastructure and the hardware associated with security solutions).

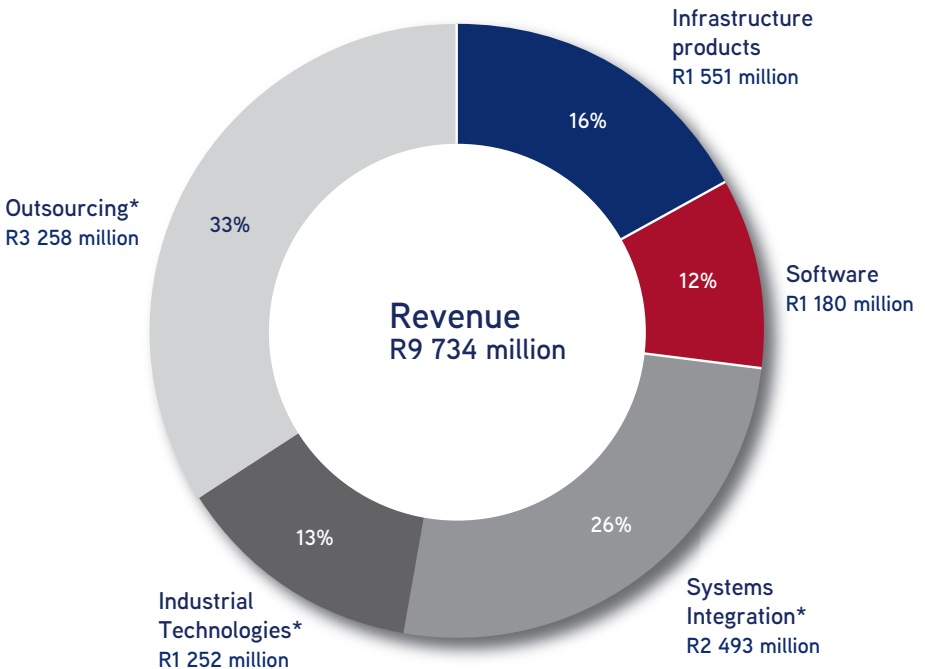
The revenue derived from Services increased by 27% to R7 003 million and is further segmented into revenue from Systems Integration, Outsourcing and Industrial Technologies and accounts for 72% of total revenue.

Systems Integration activities account for 36% of Services revenue and include system applications and technology solutions; software development and integration; cloud solutions; information management; security services; digital solutions; and industry-based consulting services.

Revenue from outsourcing activities, which accounts for 46% of Services revenue, includes infrastructure managed services; application managed services and BPO.

Industrial Technologies Services which includes energy management and infrastructure services; automation and control; infrastructure engineering; safety and security solutions and connectivity infrastructure, accounts for 18% of Services revenue.

The revenue derived from Software increased by 60% and the revenue from Infrastructure products increased by 58%.



* Total Service revenue R7 003 million.

COMMENTARY CONTINUED

Performance of segments

	Revenue R'000		Profit before tax R'000		Margin %
	2015	2014	2015	2014	2015
Services*	7 002 948	5 501 221	701 325	522 455	10
– Systems Integration	2 492 733	1 872 470	226 085	166 663	9
– Outsourcing	3 258 282	2 699 588	305 130	244 925	9
– Industrial Technologies	1 251 933	929 163	170 110	110 867	14
Software	1 179 856	737 219	175 188	92 435	15
Infrastructure products	1 551 188	981 932	77 326	67 790	5
Not specifically allocated	–	–	(2 512)	(13 587)	–
Total	9 733 992	7 220 372	951 327	669 093	10

* During the year the categorisation of services revenue was further refined and the comparative figures reflect such refinement.

Transformation and social responsibility

Transformation is part of EOH's business strategy and a key philosophy and business objective of EOH. EOH is certified as a Large Enterprise Level 2 Contributor with BBBEE Procurement Recognition of 156% as a Value Adding Vendor. 54% of EOH's staff and 67% of its board members are black. EOH's current black shareholding is 39%.

Enterprise development

EOH has several enterprise development initiatives aimed at developing black-owned companies by providing both financial and non-financial support.

Women in business

EOH has embarked on a initiative to uplift and empower black female-owned businesses. EOH will focus on assisting black women build sustainable businesses in the technology and knowledge services sectors.

Corporate Social Investment

EOH believes that youth development is paramount to a prosperous South Africa. To this end EOH's Corporate Social Investment ('CSI') programme includes:

- The EOH Youth Job Creation Initiative, which equips young people with the necessary skills and experience to enable them to have a job for life.
- Financial support for the Maths Centre which focuses on teaching mathematics, science, technology and entrepreneurship. The centre's primary objective is to equip teachers, learners and parents with learning materials and programmes to improve their competency in these subjects.
- EOH provides support to the child and youth development programmes of Afrika Tikkun with the objective of providing a future for children living in townships.
- EOH has partnered with SABCOHA (South African Business Coalition on Health and AIDS) who will test at least 25 000 people for Aids and TB this year.

EOH believes that all businesses have a responsibility to help solve the problem of youth unemployment

The EOH Youth Job Creation Initiative

EOH launched the successful EOH Youth Job Creation Initiative in 2012 with the aim of working with its business partners, customers and government to stimulate job creation. EOH believes that all businesses have a responsibility to help solve the problem of youth unemployment. To date, EOH has engaged with the media and various SETAs (Sector Education and Training Authorities) and formed an EOH-led team to work with its customers and technology partners to give young black people the opportunity to obtain skills in the workplace and to bring offshored jobs back to South Africa.

As part of this programme, EOH launched its Internal Learnership Programme in March 2012.

In 2013, 620 young people participated in this programme and in 2014 a further 600 interns were recruited. To date, more than 70% of these interns have been permanently employed by EOH. This year another 600 interns and learners are participating in EOH's learnership programme.

The Youth Job Creation Programme is now a permanent part of EOH's development programme. We will continue to broaden our scope and build on this programme by stimulating conversations, sharing ideas and supporting customers with similar initiatives. Our objective is to create 50 000 jobs by 2020. To date the programme has created over 8 000 jobs.





Future plans

EOH will continue to develop new solutions, new lines of business, enhance its industry-specific businesses and expand its service offerings into new territories. EOH is a diversified business with a wide service offering and the ability to meet the challenges of a continually changing landscape. EOH has the ability to attract the best people and to offer comprehensive complex solutions to its many and varied customers.

EOH has five large integrated divisions – Information Communication and Technology ('ICT in the Private Sector'); Smart Government ('ICT in the Public Sector'); Industrial Technologies; BPO and Industry Services.

The prospects and opportunities for growth in each of these areas are good. Each of these areas is growing both organically and through strategic acquisitions.

EOH is a Pan-African company and will continue to grow its business in the rest of Africa. This growth is expected to accelerate following the joining of forces with TTCS. EOH will continue to increase its in-country presence, form joint ventures and partnerships and acquire businesses in Africa.

EOH sees its involvement in the public sector as both a responsibility and a business opportunity and through its wide range of offerings can contribute to improving service delivery. EOH intends to further increase its involvement in the Public Sector in all tiers of government – National, Provincial and Local.

EOH has developed, owns and is acquiring industry specific niche IP software applications. EOH is already selling its niche software to users across the globe and intends to intensify its efforts in this regard. EOH is executing on its plan to market and distribute these software applications internationally.

EOH has exciting prospects and opportunities in South Africa and the rest of the continent

EOH is committed to further advancing its transformation efforts through increased black ownership, encouraging and supporting enterprise development and increasing its spend on skills development and aims to be majority black owned.

EOH is recognised for the quality of its people and its strong delivery capabilities. By continually driving its philosophy of recruiting and retaining the best people and its 'Right 1st Time' quality initiatives, EOH expects to maintain and in time, to increase its operating margins. EOH has the people, the scale, the offerings, the financial resources, the agility and the know-how to continue to grow aggressively.

Subsequent events and capital commitments

There have been no significant events and no significant capital expenditure authorised since 31 July 2015.

Directorate

At the AGM held on 11 February 2015, the directors who were eligible for re-election, being Rob Sporen, Lucky Khumalo and Thoko Mnyango, were re-elected as directors. Rob Sporen, Prof Tshilidzi Marwala, Tebogo Skwambane and Lucky Khumalo were elected to the Audit Committee until the next AGM. There have been no other changes to the board since the AGM.

Dividend declaration

Notice is hereby given that a gross dividend of 150 cents (2014: 120 cents) per ordinary share ('the dividend') has been declared in respect of the year ended 31 July 2015 and is payable to shareholders recorded in the books at the close of business on Friday, 30 October 2015. Shareholders are advised that the last day of trade cum the dividend will be Friday, 23 October 2015. The shares will trade ex the dividend as from Monday, 26 October 2015. Payment will be made on Monday, 2 November 2015. Share certificates may not be dematerialised or rematerialised during the period Monday, 26 October 2015 to Friday, 30 October 2015, both days inclusive.

- The dividend should be treated as an income payment and is being paid out of income reserves.
- The local dividend tax rate is 15%.
- The gross local dividend is 150 cents per share for shareholders exempt from paying Dividend Tax.
- The net local dividend amount is 127,5 cents per share for shareholders liable to pay Dividend Tax.
- EOH's tax reference number is 9248321847.
- There are 132 038 520 ordinary shares in issue.

Asher Bohbot

Chief Executive Officer

16 September 2015



Executive directors

Asher Bohbot (Group CEO)
John King (Group FD)
Pumeza Bam
Dion Ramoo
Jane Thomson

Non-executive directors

Sandile Zungu (Chairman)
Lucky Khumalo
Danny Mackay
Tshilidzi Marwala
Thoko Mnyango
Tebogo Skwambane
Rob Sporen (Dutch)

Company secretary

Adri Els

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 1998/014669/06
Share code: EOH
ISIN: ZAE000071072

Registered office

Block D, EOH Business Park,
Osborne Lane, Bedfordview, 2007
Website: www.eoh.co.za
Email: info@eoh.co.za
Tel: (011) 607 8100

Sponsor

Merchantec Capital

Auditors

Mazars (Gauteng) Inc.



EOH



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